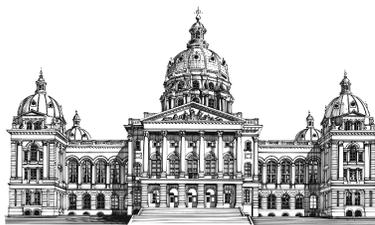


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Revenue Enhancement Program At The Iowa Veterans home

ISSUE

An examination of the Revenue Enhancement Program (REP) authorized by the 74th General Assembly as related to the reclassification and reopening of beds at the Iowa Veterans Home (IVH).

AFFECTED AGENCIES

Commission on Veterans Affairs - IVH

CODE AUTHORITY

Chapter 1241, Section 18.3c, 1992 Iowa Acts

BACKGROUND

The 1992 General Assembly allowed the IVH to retain any funds generated through reimbursement from any source other than the State for costs associated with the reclassification and reopening of beds. This allowance is called the REP. The REP has as the primary focus additional resident eligibility based upon Medicaid reimbursement. The revenue generated by increased patients offsets the increase in the General Fund appropriation to the IVH. The REP is not creating a new revenue source, but is leveraging existing federal funds. Based on the REP the following increases were included in HF 429 (Health and Human Rights Appropriations Bill) for FY 1994. The Program is based on a 4-part phase-in of 208 beds at the IVH. Three parts are reflected in the FY 1994 appropriation with the fourth part taking place in FY 1995.

- \$206,105 and 6.34 FTE positions for direct care staff necessary to maintain Title XIX Certification of the Sheeler Building and the Alzheimer's Disease Unit and \$65,355 for a consultation contract for expertise in decision-making for Medicare Parts A and B and a medical information transcribing work station.
- \$2,334,134 and 47.87 FTE positions to provide the annual funding for the 52- bed heavy-care nursing unit opened in March 1993.
- \$1,753,225 and 53.45 FTE positions to provide the funding for the 52-bed heavy-care nursing unit scheduled to open in August 1993.

- \$685,067 and 19.36 FTE positions to provide the funding for the 52-bed heavy-care nursing unit scheduled to open in March 1994.

CURRENT SITUATION

1. Revenue Enhancement Program

The opening of 208 nursing care beds associated with the REP is essentially on schedule. The major area of delay has been in the process of hiring staff to provide services to the beds that have been reopened.

Key statistical information concerning the IVH's resident/patient census and bed openings is as follows:

- The waiting list of 49 persons on July 28, 1993 included 24 veterans and 25 non-veterans. The IVH receives 5 to 6 applications per week.
- On August 1, 1993, there were 600 residents in the IVH.
- Between August 1 and September 7, 1993, there were 22 scheduled admissions.
- The first 52-bed heavy-care nursing unit supported by the REP were filled on August 27, 1993. The unit was scheduled to open in March, but did not admit the first resident until April 7.
- The second 52-bed heavy-care nursing unit supported by the REP was scheduled to open in August. However, the IVH is not expecting to admit the first resident until November 1993.

2. Revenues

Regarding revenues, the IVH provided the following information:

- Medicaid: As of August 9, 1993, there were 66 patients participating in the Medicaid Program, 34 patients with application for Medicaid pending, and 2 applications projected from the 22 scheduled admissions. As the new heavy-care nursing units reopen, the patients in the Medicaid Program are projected to increase.
- Medicare: The Medicare fee-for-service revenues, upon which a portion of the REP is based, are exceeding expectations. For FY 1993, the IVH anticipated \$60,000 in Medicare revenues. A total of \$129,066 was generated in Medicare fee-for-service revenues in FY 1993.
- Resident Support: In April 1993, a new billing system was installed which accepts as payment the individual's per diem for the patient's level of care minus offsets for the federal Department of Veterans Affairs per diem and the Medicare premium. If the resident participates in the Medicaid Program, the Department of Human Services determines the pre-offset amount. Monthly collections have met targets since the new billing system was initiated.

For FY 1993, the IVH tracked and deposited \$1,055,899 which can be directly related to the REP.

ALTERNATIVE

The only alternative to the opening of the heavy-care nursing units, as outlined in the REP, is to place veterans in skilled nursing facilities (SNF). If the State of Iowa was not involved in the REP, many IVH residents currently being admitted would need placement in the SNFs throughout the State. Residents admitted to the new heavy-care nursing units are very infirm and many would be placed in sub-acute facilities or hospitals, resulting in higher costs to the State in Medicaid. In addition, the number of SNF beds in Iowa is limited. By reopening heavy-care nursing units at the IVH, SNF beds become available to the general public.

BUDGET IMPACT

The overall IVH appropriation has increased from \$29,180,163 in FY 1993 to \$32,132,323 in FY 1994. The REP allows the IVH to open beds without the use of new State dollars. While it appears the General Fund appropriation has increased, the IVH has also increased the amount returned to the General Fund by a like amount due to the REP. In addition, the increased population should deflate the overall per diem for nursing care to Iowa veterans at the IVH.

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